

First-Class Mail Product Development

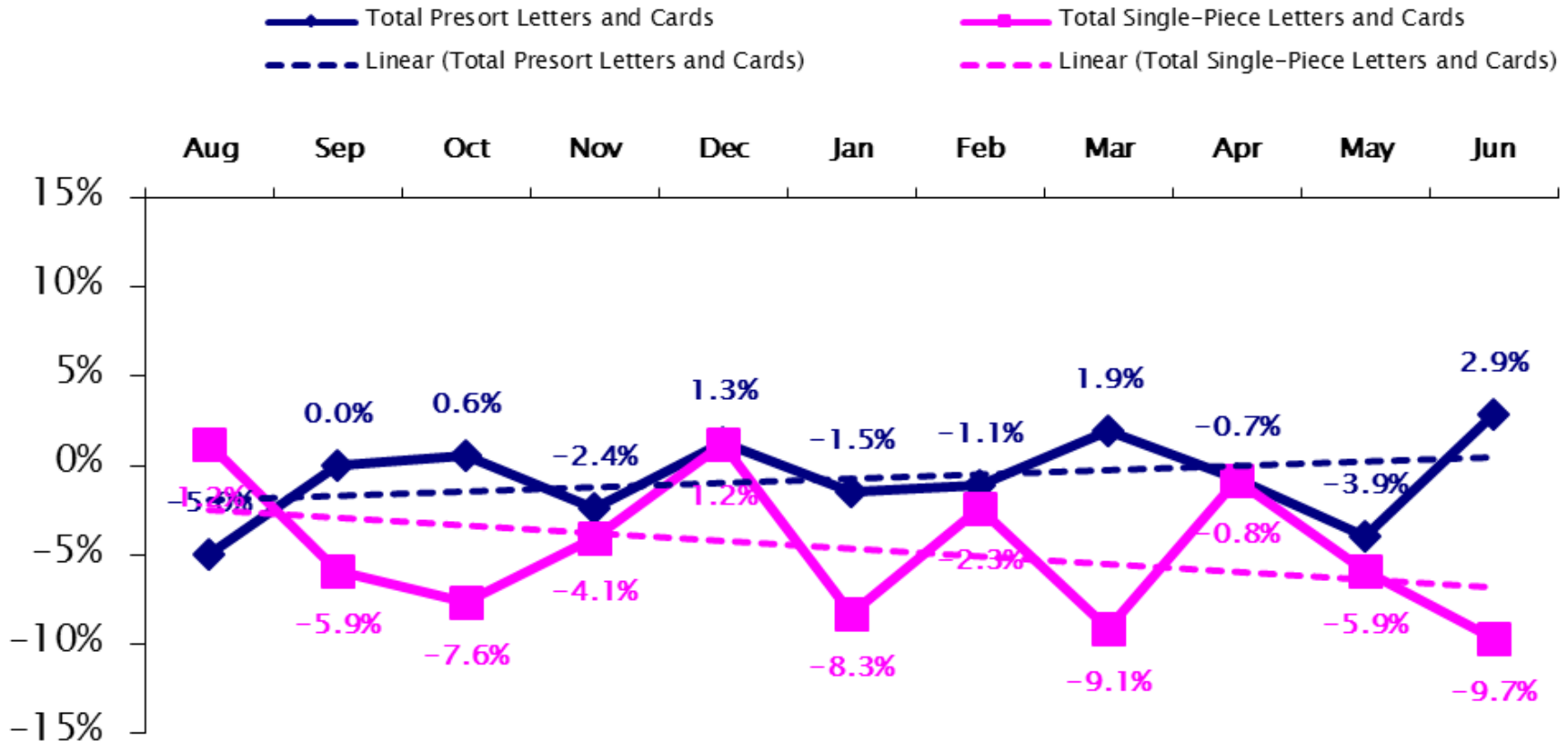
MTAC

August 12, 2015

- **Pulse of the Industry**
 - **First-Class Mail Volumes and Trends**
- **Neuroscience Research on Value of Mail**
- **2015 Promotions – Update**
 - **Enhancing the promotion sampling process**
- **2016 Proposed Promotions**
 - **What might and might not move forward**
 - **Considerations around an MSP incentive**
- **Real Mail**
- **Open Discussion**

Pulse of the Industry

First-Class Mail Volume (% Change over SPLY)



Neuroscience Research on Value of Mail




Background

- The OIG (Office of Inspector General) conducted a neuromarketing study to evaluate how consumers respond differently to physical and digital media

Methodology

- Use of questionnaires, eye tracking, core biometrics, and neuroimaging to measure physiological and neural activity of participants viewing physical and digital ads

Neuromarketing tools and their uses

Neuromarketing Tool	Research Method	Outcome Revealed
 <p><i>Eye Tracking</i></p>	<p>A camera and infrared technology monitor eye movements, in terms of speed and duration of attention</p>	<p>Tracks visual attention in reaction to predetermined areas of interest</p>
 <p><i>Core Biometrics</i></p>	<p>Sensors placed on fingertips measure heart rate, skin conductance (sweat), motion, and respiration</p>	<p>Gauges the depth of emotional engagement</p>
 <p><i>Functional Magnetic Resonance Imaging (fMRI)</i></p>	<p>Brain scanner measures change in oxygenated blood flow to reveal regional activation during a task or experience</p>	<p>Pinpoints specific deep brain activity beyond surface cognitive function (e.g., empathy and reward)</p>

Source: Temple and OIG analysis.

Phase I:

- Participants were exposed to and interacted with 40 physical and digital advertisements
- Methods used: Eye tracking, skin conductance and heart rate



Phase I: Research environment

Phase II:

- Tested participants'
 - memory of ad content contents by medium (physical or digital)
 - stated and subconscious preferences for and value of advertised products
- Methods used: Functional MRI



Phase II: Functional MRI equipment

Attribute	Definition	Physical	Digital
<i>Attention</i>	A customer's focused attention for a sustained period of time on key components of the ad		X
<i>Review Time</i>	The amount of time a customer spends with an ad	X	
<i>Engagement</i>	The amount of information the customer processes or absorbs from an ad	X	X
<i>Stimulation</i>	An emotional reaction to an ad	X	
<i>Memory Retrieval Accuracy</i>	Accurately remembering the advertising source and content	X	X
<i>Memory Speed & Confidence</i>	Quickly and confidently remember advertising source and content	X	
<i>Purchase & Willingness to Pay</i>	Whether and how much the customer is willing to pay for a product	X	X
<i>Desirability</i>	A subconscious desire for the product or service	X	
<i>Valuation</i>	The subconscious value a participant places on the product or service	X	

Source: OIG analysis of study results.

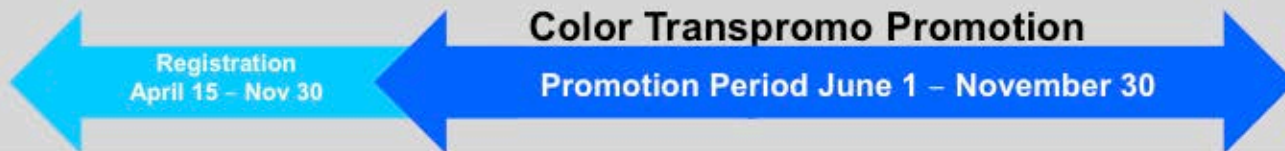
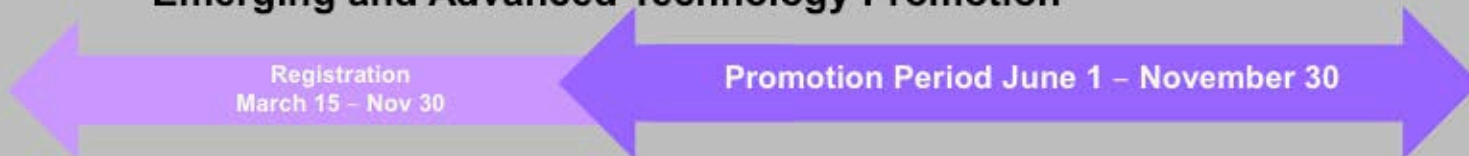
Next Steps:

- Awaiting results from Canada Post and Royal Mail
- Other topics of interest:
 - Age and demographic impacts on response to media type
 - Response to embedded technology in Print
 - Optimal use of digital and physical media

More information at

<https://www.uspsaig.gov/sites/default/files/document-library-files/2015/rarc-wp-15-012.pdf>

2015 Promotions - Update

JAN - FEB - MARCH**APRIL - MAY - JUNE****JULY - AUG - SEPT****OCT - NOV - DEC****FIRST-CLASS MAIL®****Earned Value Promotion****Color Transpromo Promotion****STANDARD AND FIRST-CLASS MAIL****Emerging and Advanced Technology Promotion****STANDARD MAIL®****Mail Drives Mobile Engagement Promotion**

Download the free Zappar App

Zap for a live experience

Earned Value

- **BRM: Total pieces: 36.6M Total Credits: \$844k**
- **CRM: Total pieces: 445.5 Total Credits: \$10.2M**
482.1M \$11.04M
- **Mailers need to “agree” in Program Registration for credit to be released**
- **86 companies agreed to their credits; released \$2.2M in credits**

Color Transpromo

- **348.7M mailpieces; \$136.2M in revenue**
- **Over \$2.8M in discounts received by participating customers**



Emerging & Advanced Technology

- **1.2B mailpieces; \$256M in revenue**
- **Over \$5.2M in discounts received by participating customers**

Mail Drives Mobile Engagement

- **628M mailpieces; \$158.6M in revenue**
- **Over \$3.2M in discounts received by participating customers**

Claiming Multiple Discounts

- Although some of the promotion dates overlap, customers cannot claim more than one discount per mailing. The exception is Earned Value-it **can** be claimed along with any of the other three.

Post Promotion Surveys

- Must be completed as a requirement of participation in the promotions.

Business Customer Gateway user guide

- An updated version is posted on RIBBS

Emerging & Advanced Technology

- 48 hour turnaround on pre-approval requests sent to the mailbox
- Continue to send in hardcopy mailpieces to qualify for the paper, ink and interactive categories
 - ***NOTE: address to send physical samples to is a PO Box. Please ensure your mailing/shipping service can deliver to a PO Box.***

Mail Drives Mobile Engagement

- Guest check out requirement
- Directional copy explanation

Earned Value

Encourage FCM mailers to use Business Reply Mail (BRM) and Courtesy Reply Mail (CRM).

- **Registration Period:** March 15 – April 30
- **Program Period:** May 1 – July 31
- **Eligible Mail:** Business Reply Mail and Courtesy Reply Mail
- **Earned Value Credits:** \$0.02 per BRM or CRM pcs counted for first-time participants; \$0.03 per BRM or CRM pcs if above SPLY volumes
- Pieces must contain an Intelligent Mail barcode with the Mailer ID encoded, and following barcoding requirements
- Once released, credits may be applied to any subsequent mailing until the posted expiration date of the credits.



Results to date:

- Over 36M BRM & 445M CRM
- \$844K in BRM credits & \$10M in CRM credits
- 86 companies have agreed to their credits
- Released over \$2.1M in credits

Color Transpromo Promotion

Encourage FCM mailers to use color messaging on bills and statements



- **Registration Period:** April 15 – November 30
- **Program Period:** June 1 – November 30
- **Eligible Mail:** First-Class Mail commercial letters (sent in IMb full-service mailings)
- **Discount:** Upfront 2% postage discount
- Mailpiece must have dynamic color printing on the bill or statement
- Color messaging must be marketing or consumer information
 - Color inserts and pre-printed color paper stock, do not qualify
 - Color in remittance section will not qualify

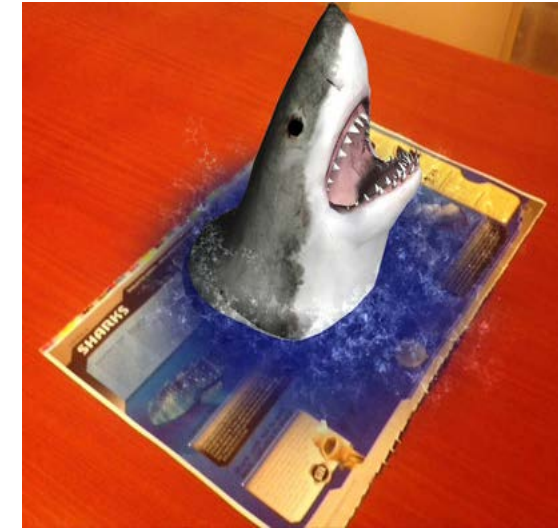
Results to date:

- 348.7M mailpieces
- \$136.2M in revenue
- Over \$2.8M in discounts received by participating customers

Emerging and Advanced Technology

Encourage Direct Mailers to incorporate interactive technology to drive interest in mail as a marketing channel

- **Eligible Mail:** Standard Mail, Nonprofit Standard Mail and First Class Mail letters, flats and cards.
- Mailpiece must integrate specified technologies
 - Advanced Augmented Reality
 - NFC
 - Inks
 - Papers
 - Interactive Mailpieces



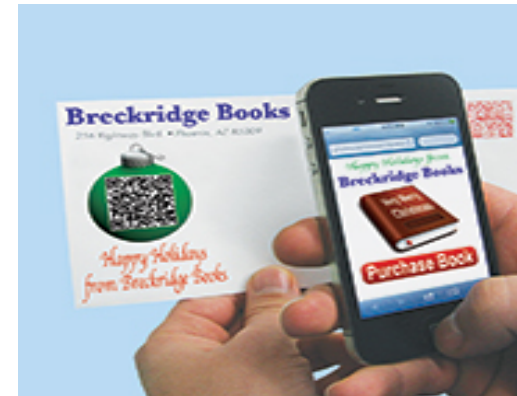
Results to date:

- 1.2B mailpieces
- \$256M in revenue
- Over \$5.2M in discounts received by participating customers

Mail Drives Mobile Engagement

Encourage marketers and retailers to utilize state of the art mobile purchasing technology with direct mail to facilitate purchases.

- **Registration Period:** May 15 – December 31
- **Promotion Period:** July 1 – December 31
- **Eligible Mail:** Standard Mail, Nonprofit Standard Mail letters and flats. IMb full-service mailings for applicable products
- **Discount:** 2% per eligible mailpiece
 - No Priority Mail rebate
 - Directional copy text must be prominently displayed
 - In some instances, services / charitable donations may qualify if a financial transaction occurs at time of scanning the mail piece



Results to date:

- 628M mailpieces
- \$158.6M in revenue
- Over \$3.2M in discounts received by participating customers

2016 Proposed Promotions Update

- Currently under review
- Plan to file for approval early Fall
- 2016 Promotions will build on past successful promotions with some new applications and updates
- 2016 Promotions will continue to support the integration of mail with technology



REAL MAIL

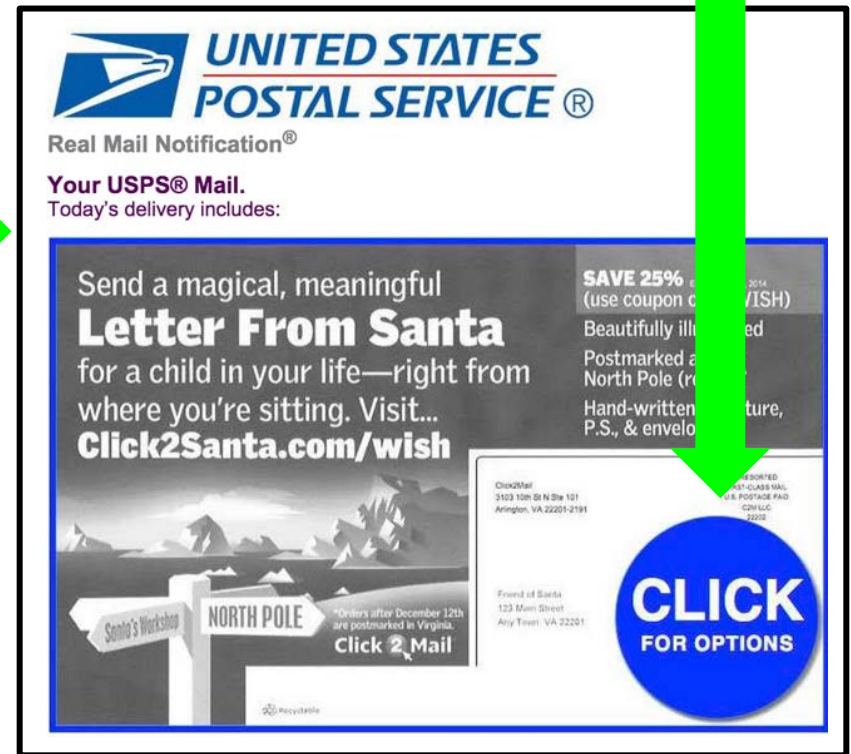
Mailpiece received in your home's mailbox today

Real Mail scan received on your mobile device



Real Mail scan received
on your mobile device

Real Mail scanned on a mobile
device has a hyperlink that allows
direct access to webpages



Real Mail Notification - Click2Mail / Click2Santa Lift Test Update

1. Control Group

USPS Cust Reg Random Sample (NoVA Consumers)

Gross Response

Net1 Response

Net2 Response: Less Undeliverables

Total

Uniques, Less Dupes

Proven Prospect 10% UAA

A. Total, Channel 1 - Direct Mail Only

Gross Count (Clickmeter)	<i>toggle</i>	40		38		38
Adjusted Count Assumed Tests & Errors f	15%	34		32		32
Gross Response Rate		0.80%		0.76%		0.84%
Adjusted Response Rate		0.68%		0.65%		0.72%

Prospects: DM Only Recipients

5000

5000

4500

2. Test Group

Real Mail Users (NoVA Consumers, 74% source Cust Reg)

Gross Response

Net Response

Net Response

Total

Uniques, Less Dupes

Proven 98% Deliverable to RMN Users

A. Channel 1- Direct Mail - Hand-entered URL

Gross Count (Clickmeter)	<i>toggle</i>	38		35		35	
Adjusted Count Assumed Tests & Errors f	15%	32		30		30	
Gross Response Rate		1.01%	26% Lift, DM vs DM only	0.93%	22% Lift, DM vs DM only	0.95%	12% Lift, DM vs DM only
Adjusted Response Rate		0.85%	26% Lift, DM vs DM only	0.79%	22% Lift, DM vs DM only	0.80%	12% Lift, DM vs DM only

B. Channel 2 - RMN Message (RMM) - Click-Throughs

Gross Count (Clickmeter)	<i>toggle</i>	240		220		220	
Adjusted Count Assumed Tests & Errors f	15%	204		187		187	
Gross Response Rate		6.35%	694% Lift, RMM vs DM only	5.82%	666% Lift, RMM vs DM only	5.94%	604% Lift, RMM vs DM only
Adjusted Response Rate		5.40%	694% Lift, RMM vs DM only	4.95%	666% Lift, RMM vs DM only	5.05%	604% Lift, RMM vs DM only

C. Total, Both Channels: Direct Mail + Real Mail

Gross Count (Clickmeter)		278		255		255	
Adjusted Count Assumed Tests & Errors f	15%	236		217		217	
Gross Response Rate		7.36%	820% Lift, RMM+DM vs DM only	6.75%	788% Lift, RMM+DM vs DM only	6.89%	716% Lift, RMM+DM vs DM only
Adjusted Response Rate		6.25%	820% Lift, RMM+DM vs DM only	5.74%	788% Lift, RMM+DM vs DM only	5.85%	716% Lift, RMM+DM vs DM only

Prospects: DM + RMM Recipients

3778

3778

3702

- **Program Office contact:**

Email: mailingpromotions@usps.gov

Facsimile: 202-268-0238

Mail: US Postal Service
Post Office Box 23282
Washington, DC 20026-3282

- **Program Requirements & Documents**

<https://ribbs.usps.gov/index.cfm?page=mailingpromotions>

<https://www.usps.com/business/promotions-and-incentives.htm>

- **Registration**

<https://gateway.usps.com>

- **PostalOne Help Desk:**

(800) 522-9085 or postalone@email.usps.gov

Proposals for 2016 promotions can be sent to:

MailingInnovations@usps.gov

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Open Discussion

- MSP additional credit
- Pre-Approval/Mail Acceptance samples
- USPS Innovations Lab--tour sign up